



Exempt Action Final Regulation Agency Background Document

Agency name	DEPT OF MEDICAL ASSISTANCE SERVICES
Virginia Administrative Code (VAC) citation	12 VAC 30-60-500
Regulation title	Standards Established and Methods Used to Assure High Quality of Care
Action title	Termination of Disease Management Program
Final agency action date	October 2, 2009
Document preparation date	September 22, 2009

When a regulatory action is exempt from executive branch review pursuant to § 2.2-4002 or § 2.2-4006 of the Virginia Administrative Process Act (APA), the agency is encouraged to provide information to the public on the Regulatory Town Hall using this form.

Note: While posting this form on the Town Hall is optional, the agency must comply with requirements of the Virginia Register Act, the *Virginia Register Form, Style, and Procedure Manual*, and Executive Orders 36 (06) and 58 (99).

Summary

Please provide a brief summary of all regulatory changes, including the rationale behind such changes. Alert the reader to all substantive matters or changes. If applicable, generally describe the existing regulation.

The *Code of Virginia* (1950) as amended, § 32.1-325, grants to the Board of Medical Assistance Services the authority to administer and amend the Plan for Medical Assistance. The *Code of Virginia* (1950) as amended, § 32.1-324, authorizes the Director of DMAS to administer and amend the Plan for Medical Assistance according to the Board's requirements. The Medicaid authority as established by § 1902 (a) of the *Social Security Act* [42 U.S.C. 1396a] provides governing authority for payments for services. This action is authorized under Code of Virginia § 2.2-4006(A)(4)(a), because DMAS has no discretion in complying with the Governor's directive by November 1, 2009.

The section of the State Plan for Medical Assistance that is affected by this action is Attachment 3.1-C (12 VAC 30-60-500) Standards Established and Methods Used to Assure High Quality of Care -- Termination of Disease Management Program.

Pursuant to a mandate of the 2006 Appropriation Act, DMAS promulgated regulations putting in place a disease management (DM) program called Healthy ReturnsSM. Healthy ReturnsSM targeted certain chronic conditions in both children and adults. The goal of this program was to improve the ability of individuals enrolled in fee-for-service Medicaid to manage their conditions and thereby improve their health and quality of life. This program has been in place for approximately four years.

Section 4-1.02 (Withholding of Spending Authority) of the 2009 Appropriations Act provides the Governor limited authority to withhold spending authority. Under this section, withholding of spending authority is defined as: “any action pursuant to a budget reduction plan approved by the Governor to address a declared shortfall in budgeted revenue that impedes or limits the ability to spend appropriated moneys, regardless of the mechanism used to effect such withholding.” In the event of a general fund shortfall, the Governor is authorized, with limitations, to: “withhold general fund spending authority, by withholding allotments of appropriations, to prevent any expenditure in excess of the estimated general fund resources available.”

Pursuant to this authority from 2009 Appropriations Act, the Governor implemented the 2010 Budget Reduction Plan. On page 38 of the Budget Reduction Plan DMAS is directed to terminate its contract with the Agency’s Disease Management Program contractor in November of 2009, effectively eliminating the Program. In response to this mandate, DMAS is terminating the Program contract on October 31, 2009, and by repealing the Disease Management regulatory subsection, 12 VAC 30-60-500.

Statement of final agency action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency taking the action, and (3) the title of the regulation.

I hereby approve the foregoing Agency Background document with the attached amended State Plan pages, Standards Established and Methods Used to Assure High Quality of Care -- Termination of Disease Management Program (12 VAC 30-60-500), and adopt the action stated therein. I certify that this final regulatory action has completed all the requirements of the Code of Virginia § 2.2-4012, of the Administrative Process Act.

10/2/2009

Date

/s/ P.W. Finnerty/cbj

Patrick W. Finnerty, Director

Dept. of Medical Assistance Services

Family impact

Assess the impact of this regulatory action on the institution of the family and family stability.

These changes do not strengthen or erode the authority or rights of parents in the education, nurturing, and supervision of their children; or encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents. It does not strengthen or erode the marital commitment, but may decrease disposable family income depending upon which provider the recipient chooses for the item or service prescribed.